

Daily Herald, March 15, 2004

Waukegan's big plans for a renaissance don't hinge on whether it captures the state's last casino license, according to a top city official.

Still, the city wants the casino license because the money generated would expedite the planned rejuvenation of its downtown and the lakefront, with homes, trendy shops and restaurants.

Waukegan is waiting to hear if it beat out Des Plaines and Rosemont for the final gambling permit. Illinois Gaming Board members expect to announce the casino license winner Monday.

Harrah's Entertainment Inc. dug deep into its pockets last week in an effort to snag the license for Waukegan. Harrah's offered \$520 million for the license, compared to \$518 million from Isle of Capri in Rosemont and \$476 million from Midwest Gaming & Entertainment in Des Plaines.

Regardless of what the gaming board decides, Waukegan officials say the casino is not a deal-breaker for the city's facelift.

Ray Vukovich, Waukegan's director of governmental services, said the city has implemented a 1 percent home-rule sales tax, with about half the take - projected at \$2 million annually - going toward downtown and the lakefront.

"To be honest with you," Vukovich said, "the casino is our Plan B. The city council already put into effect a Plan A."

Waukegan's planned casino isn't seen as the cornerstone to its rejuvenation, just a part of a larger puzzle. Officials believe they would be able to pump up the city's west side with the casino, while downtown would attract other types of activities.

Some urban planning experts say that means Waukegan's potential won't evaporate if the casino license goes elsewhere.

Scott Goldstein, vice president of planning and policy at the Metropolitan Planning Council, said Waukegan would be especially attractive if it became a place to buy an affordable Lake Michigan home.

"They are a great market for empty-nester housing," said Goldstein, noting how condominiums a few miles south on the former Fort Sheridan typically sell at a stratospheric \$600,000 to \$800,000.

New homes, shops, offices and renovation of historic buildings would be part of a revamped downtown and lakefront that would bring up to 10,000 new residents and draw visitors. The project is tentatively pegged at \$1.2 billion, with money coming from the city, developers and other sources.

Waukegan officials are quick to point out there already are signs of life being pumped back into the city. The initial comeback steps include refurbishing the classic Genesee Theater, constructing a 760-vehicle parking garage and planning an upscale Jimmy's Charhouse restaurant in the old Fiesta Palace, all slightly west of Lake Michigan.

Some local and state government officials got to see Waukegan's comeback effort on a tour Thursday. They perused the harbor and donned hard hats to examine interior work at the 75-year-old Genesee, which might reopen with major plays and other entertainment late this year.

Jack Lavin, director of the Illinois Department of Commerce and Economic Opportunity, was among those checking out Waukegan. He said he wants to learn Waukegan's priorities before trying to secure state money from a tight budget to assist the city's comeback effort.

"The old way of doing business in Illinois didn't work," Lavin said. "A one-size-fits-all economic development plan doesn't work."

Waukegan Mayor Richard Hyde and other officials said the revitalization would take eight to 10 years if Harrah's Entertainment Inc. runs a casino on the site of shuttered Lakehurst Mall. The rehabilitation would stretch 20 to 25 years if Waukegan doesn't win the casino license.

The difference, according to Vukovich, stems from money.

Redevelopment would take up to 25 years if Waukegan mainly taps into the \$2 million in new annual sales-tax revenue committed to redevelopment, he said.

With gambling, about 30 percent of Waukegan's projected \$24 million in annual tax revenue from the casino would go toward the lakefront and downtown, according to Harrah's documents submitted to the gaming board. That means there might be an extra \$7.2 million annually for Waukegan's plans.

Casino money notwithstanding, one hurdle in the way of a development boom is the necessary cleanup of Waukegan Harbor. But officials are confident that hurdle soon will be removed.

Republican U.S. Rep. Mark Kirk of Highland Park said federal funding might be approved this year for an Army Corps of Engineers cleanup of the harbor. He said the work should begin next year, a move projected to unlock \$800 million in real-estate investments for 1,400 acres.

"The bad news is we have polluted land in Waukegan," Kirk said last week. "The good news is almost nowhere can you bring 1,400 acres of property (for redevelopment) on line."

In addition to 3,000 homes and retail and office development, Waukegan plans to create what's described as a nationally recognized waterfront with trails, a new Metra commuter rail station, a town square park and bicycle paths.

Waukegan's master plan, crafted by the Skidmore, Owings and Merrill architecture firm, calls for relocation of the Amstutz Expressway, which officials say became a barrier to pedestrians wanting to go from downtown east to the harbor.

"I know there are a lot of developers who are going to make a lot of money," Hyde said this week. "I don't care how much money they make, as long as they do what we want them to do and do it right."

- Daily Herald staff writer Mick Zawislak contributed to this report.